

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ALTON WATER)	
DISTRICT FOR AN ADJUSTMENT OF)	
RATES PURSUANT TO THE ALTERNATIVE)	CASE NO. 9883
PROCEDURE FOR SMALL UTILITIES)	

O R D E R

On March 11, 1987, Alton Water District ("Alton") filed its application seeking to increase its rates pursuant to the Alternative Rate Filing Procedure for Small Utilities.

Neither Alton nor the Commission sought a hearing in this matter. There were no intervenors and all requested information has been filed.

Staff was notified by Alton that an office fire had destroyed most of Alton's financial records. On April 21, 1987, the Commission staff obtained Alton's remaining test period financial records and conducted a limited review. On June 1, 1987, staff issued its report which contained staff's recommendations. The Commission, upon careful review of staff's recommendations, is of the opinion that an operating ratio of 88 percent is fair, just, and reasonable and will allow Alton ample opportunity to pay its operating expenses and provide for future equity growth. Therefore, the Commission affirms staff's recommended increase of \$13,986, the amount sought by Alton.

RATE DESIGN

Alton proposed to change its current 5 step rate design by adding a 1,000 gallon increment. In its report the staff recommended that the proposed change be denied. The Commission is of the opinion that in the absence of a cost of service study, it would not be in the best interest of the public or Alton to change the present rate design.

FINDINGS AND ORDERS

1. The rates proposed by Alton are based on its proposed change in rate design and therefore should be denied.

2. The rates and charges in Appendix A are the fair, just, and reasonable rates to be charged by Alton in that they should produce annual revenues of \$64,935.

3. Within 30 days of the date of this Order, Alton should file with this Commission its revised tariff sheets setting out the rates approved herein.

IT IS THEREFORE ORDERED that:

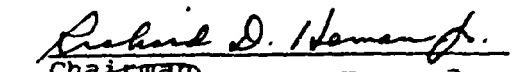
1. The rates requested by Alton be and they are hereby denied.

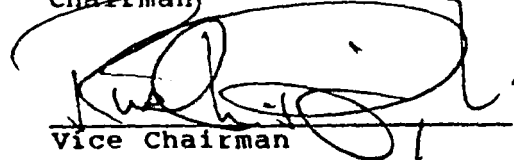
2. The rates and charges in Appendix A are the fair, just, and reasonable rates and charges to be charged by Alton for service rendered on and after the date of this Order.

3. Within 30 days of the date of this Order, Alton shall file with this Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 16th day of July, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9883 DATED JULY 16, 1987

The following rates and charges are prescribed for the customers in the area served by Alton Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES: Monthly

First 2,000 gallons	\$7.00 Minimum Bill
Next 2,000 gallons	2.80 per 1,000 gallons
Next 2,000 gallons	2.25 per 1,000 gallons
Next 4,000 gallons	1.70 per 1,000 gallons
Over 10,000 gallons	1.25 per 1,000 gallons